

**IBERIA COMPREHENSIVE
COMMUNITY HEALTH CENTER, INC.**

**Financial and Compliance Report
May 31, 2010 and 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/10/10

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Iberia Comprehensive Community Health Center, Inc.
New Iberia, Louisiana

I have audited the accompanying statements of financial position of Iberia Comprehensive Community Health Center, Inc., (a non-profit organization) as of May 31, 2010 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of Iberia Comprehensive Community Health Center, Inc., as of May 31, 2009, were audited by other auditors whose report dated November 17, 2009, expressed an unqualified opinion on those statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Iberia Comprehensive Community Health Center, Inc. as of May 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 20, 2010, on my consideration of Iberia Comprehensive Community Health Center, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Board of Directors
Iberia Comprehensive Community Health Center, Inc.
New Iberia, Louisiana
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My audit was conducted for the purpose of forming an opinion on the basic financial statements of Iberia Comprehensive Community Health Center, Inc. taken as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements of Iberia Comprehensive Community Health Center, Inc. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements of Iberia Comprehensive Community Health Center, Inc. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Steven M. DeLeon, CPA

Lake Charles, Louisiana
October 20, 2010

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.

New Iberia, Louisiana

Statements of Financial Position

As of May 31,

	<u>2010</u>	<u>2009</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 653,598	\$ 971,728
Patient accounts receivable, net	669,164	427,185
Supplies inventory	28,511	3,852
Prepaid expenses	46,120	55,253
Certificates of deposit	109,844	107,692
Other receivables	17,061	12,242
Total Current Assets	<u>1,524,298</u>	<u>1,577,952</u>
Property, Plant and Equipment		
Land and improvements	694,068	651,011
Building and improvements	3,851,679	3,720,432
Furniture and equipment	1,284,615	1,226,473
Construction in progress	485,696	-
Less accumulated depreciation	<u>(1,482,611)</u>	<u>(1,203,860)</u>
Total Property and Equipment	<u>4,833,447</u>	<u>4,394,056</u>
Other Assets		
Deposits	991	900
Certificate of deposit	113,389	109,026
Investments	<u>1,239,179</u>	<u>-</u>
Total Other Assets	<u>1,353,559</u>	<u>109,926</u>
Total Assets	<u><u>\$ 7,711,304</u></u>	<u><u>\$ 6,081,934</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 269,206	\$ 153,500
Accrued payroll and other liabilities	319,273	252,255
Current portion of notes payable	70,249	61,534
Total Current liabilities	<u>658,728</u>	<u>467,289</u>
Long Term Liabilities		
Notes payable - net of current portion	<u>142,395</u>	<u>212,255</u>
Total Liabilities	<u>801,123</u>	<u>679,544</u>
Net Assets		
Unrestricted net assets	<u>6,910,181</u>	<u>5,402,390</u>
Total Liabilities and Net Assets	<u><u>\$ 7,711,304</u></u>	<u><u>\$ 6,081,934</u></u>

See accompanying notes to financial statements.

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.

New Iberia, Louisiana

Statements of Activities

For the Year Ended May 31,

	<u>2010</u>	<u>2009</u>
Revenue and Support		
Grant, public health service	\$ 2,176,417	\$ 1,715,381
Other grants and contracts	939,949	77,500
Patients' fees, net	5,702,098	5,005,393
Other sources	197,839	99,089
Realized gain (loss) on sale of land	94,167	-
Unrealized gain (loss) on investments	(5,672)	-
Total Revenue and Support	<u>9,104,798</u>	<u>6,897,363</u>
Expenses		
Program Services	5,164,240	4,844,308
Management and general	<u>2,432,767</u>	<u>1,879,176</u>
Total Expenses	<u>7,597,007</u>	<u>6,723,484</u>
Change in Net Assets	1,507,791	173,879
Net Assets - Beginning of Year	<u>5,402,390</u>	<u>5,228,511</u>
Net Assets - End of Year	<u>\$ 6,910,181</u>	<u>\$ 5,402,390</u>

See accompanying notes to financial statements.

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.

**New Iberia, Louisiana
Statements of Cash Flows
For the Year Ended May 31,**

	<u>2010</u>	<u>2009</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 1,507,791	\$ 173,879
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	278,751	289,594
Net unrealized (gain) loss on long-term investments	5,672	-
(Gain) loss on sale of fixed assets	(94,167)	-
Change in allowance for doubtful accounts	(241,149)	126,760
(Increase) decrease in accounts receivable, patients	(830)	281,847
(Increase) decrease in supplies inventory	(24,659)	(3,852)
(Increase) decrease in prepaid expenses	9,133	5,148
(Increase) decrease in other receivables	(4,819)	(12,241)
Increase (decrease) in accounts payable	115,614	(24,964)
Increase (decrease) in accrued payroll and related liabilities	67,018	49,879
Net Cash Provided (Used) by Operating Activities	<u>1,618,355</u>	<u>886,050</u>
Cash Flows From Investing Activities		
(Purchase) redemption of certificate of deposit	(6,515)	(7,597)
(Purchase) redemption of investments	(993,851)	-
Investment in LA Partnership for Choice and Access, LLC	(251,000)	-
Proceeds from the sale of fixed assets	154,850	-
Fixed asset acquisitions	<u>(778,824)</u>	<u>(439,324)</u>
Net Cash Provided (Used) by Investing Activities	<u>(1,875,340)</u>	<u>(446,921)</u>
Cash Flows From Financing Activities		
Principal payments on loans	<u>(61,145)</u>	<u>(64,148)</u>
Net Cash Provided (Used) by Financing Activities	<u>(61,145)</u>	<u>(64,148)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	<u>(318,130)</u>	<u>374,981</u>
Cash and Cash Equivalents - Beginning of Year	<u>971,728</u>	<u>596,747</u>
Cash and Cash Equivalents - End of Year	<u>\$ 653,598</u>	<u>\$ 971,728</u>
Supplemental Disclosure:		
Interest paid	<u>\$ 11,443</u>	<u>\$ 15,387</u>

See accompanying notes to financial statements.

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.
New Iberia, Louisiana
Schedules of Functional Expenses
For the Year Ended May 31, 2010

		Supporting Services		
	Program Services	General and Administrative	Total	
			2010	2009
Salaries	\$ 3,158,314	\$ 1,162,565	\$ 4,320,879	\$ 3,884,614
Fringe benefits	277,842	102,764	380,606	441,137
Payroll taxes	227,794	84,252	312,046	294,133
Consultants and contractual services	736,942	166,418	903,360	815,172
Supplies	253,900	68,201	322,101	273,640
Dues and subscriptions/printing	-	40,750	40,750	34,497
Maintenance and repairs	103,883	38,423	142,306	123,363
Insurance	-	78,155	78,155	71,031
Travel and seminars	84,695	35,250	119,945	90,023
Occupancy	80,518	29,780	110,298	70,517
Interest	-	11,443	11,443	15,387
Legal and professional	-	77,495	77,495	43,539
Telephone	36,864	13,634	50,498	44,107
Advertising and promotion	-	42,884	42,884	32,314
Miscellaneous	-	64,349	64,349	47,945
Service charges	-	17,611	17,611	15,041
SLCHN expenses	-	-	-	2,941
Recruitment cost	-	20,808	20,808	7,729
Total expenses before depreciation and bad debts	<u>4,960,751</u>	<u>2,054,783</u>	<u>7,015,534</u>	<u>6,307,130</u>
Depreciation and amortization	203,488	75,263	278,751	289,594
Bad debt expense	<u>-</u>	<u>302,722</u>	<u>302,722</u>	<u>126,760</u>
Total expenses	<u><u>\$ 5,164,240</u></u>	<u><u>\$ 2,432,767</u></u>	<u><u>\$ 7,597,007</u></u>	<u><u>\$ 6,723,484</u></u>

See accompanying notes to financial statements.

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.
Notes to Financial Statements
May 31, 2010 and 2009

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Iberia Comprehensive Community Health Center, Inc. (a nonprofit corporation) was incorporated April 26, 1985 to provide comprehensive health care to area residents, with particular emphasis on the socio-economically disadvantaged.

Income Taxes

The Organization is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code and applicable state codes. Accordingly, no provision for federal and state income taxes is included in the financial statements.

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid debt investments purchased with a maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment is stated at cost. It is the Organization's policy to capitalize expenditures for these items in excess of \$1,000. Repairs and maintenance are charged to operations when incurred. Depreciation of property and equipment is computed principally by the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building & improvements	15 - 30
Equipment, furniture and fixtures	3 - 10
Land improvements	20

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.
Notes to Financial Statements (Continued)
May 31, 2010 and 2009

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Advertising Expense

The Organization expenses the cost of advertising as the expense is incurred. For the years ended May 31, 2010 and 2009, the cost totaled \$42,884 and \$32,314, respectively.

Accounts Receivable

The Organization records accounts receivable at the time of service according to fees developed from cost data of this and similar organizations. These amounts are often reduced because of the patients' inability to pay or because of disallowances and reductions from third party payers.

Bad Debts

The Organization uses the allowance method in accounting for its un-collectible accounts. The allowance account consists of an estimate of uncollectible accounts and a general reserve. Management's evaluation of the adequacy of the allowance is based on a continuing review of all accounts and includes a consideration of past patient history, any adverse situations that might affect the patient's ability to repay, and current economic conditions. Amounts charged-off that are subsequently recovered are recorded as income.

Major Funding Source

The Organization receives funds from DHHS, under section 330 of the Public Health Service Act (42 U.S.C. 254c). In accordance with DHHS policies, all funds disbursed should be in compliance with the specific terms of the grant agreements. DHHS may, at its discretion, request reimbursement for expenses or return of unexpended funds, or both, as a result of non-compliance by the Organization with the terms of the grants. In addition, if the Organization terminates its DHHS grant activities, all unexpended federal funds are to be returned to DHHS.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered.

Inventory

Supply inventories are stated at lower of cost, determined by the FIFO method, or market.

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.

Notes to Financial Statements (Continued)

May 31, 2010 and 2009

NOTE 1 - NATURE OF ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Organization reports its investments in accordance with generally accepted accounting principles for not-for-profit organizations, which establish accounting standards for investments in certain equity securities and for all debt securities. The guidance prescribes that covered investments be reported in the statement of financial position at fair value with any realized or unrealized gains or losses reported in the statement of activities.

Grants and Contributions

Grants and contributions are recognized as income when received. The Board reports grants as temporarily restricted support if they are received with stipulations that limit the use of the funds. When grantor restrictions expire, temporary restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. All other support is recognized when earned.

NOTE 2 - PATIENT ACCOUNTS RECEIVABLE

Patient accounts receivable are comprised of the following for the years ending May 31,:

	<u>2010</u>	<u>2009</u>
Medicare	\$ 144,593	\$ 70,451
Medicaid	467,877	182,716
Private	219,462	427,863
	831,932	681,030
Less allowance for doubtful accounts	<u>(162,768)</u>	<u>(253,845)</u>
	<u>\$ 669,164</u>	<u>\$ 427,185</u>

NOTE 3 - COST REPORT RECEIVABLE

The Organization participates in the Medicare and Medicaid programs as a provider of medical services to program beneficiaries. The Organization participates in the Medicaid program as a federally qualified health center. Final settlements will be made upon completion of audits by program representatives.

NOTE 4 - ACCRUED VACATION

The Organization allows employees to carry over unused vacation hours, with written permission from the executive director. The accrual is calculated based on the employee's pay rate at the end of the year. At May 31, 2010 and 2009, accrued vacation totaled \$146,298 and \$142,708, respectively.

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.

Notes to Financial Statements (Continued)

May 31, 2010 and 2009

NOTE 5 - ECONOMIC DEPENDENCY

The Organization receives a substantial portion of its total support and revenues from the federal government. During the years ended May 31, 2010 and 2009, Iberia Comprehensive Community Health Center, Inc. recorded \$2,176,417 and \$1,715,381, respectively, in grant support from the Department of Health and Human Services. This represents 23.9% and 24.9% of total support and revenues for the years ended May 31, 2010 and 2009, respectively.

NOTE 6 - FUNCTIONAL ALLOCATION OF EXPENSES

Expenses were allocated in the accompanying financial statements to program and supporting service functional expense groups. The methods of allocation were based on several factors such as utilization of office space as well as the Organization's estimates of the relative proportion of various staff members' time and effort between program and administrative functions.

NOTE 7 - CONCENTRATIONS OF CREDIT RISK

The majority of the Organization's patients are located in Iberia Parish Louisiana. The Organization grants credit without collateral to its patients. The mix of receivables from patients and third-party payers was as follows:

	<u>2010</u>	<u>2009</u>
Medicare	22 %	16 %
Medicaid	70	43
Other	8	41
	<u>100 %</u>	<u>100 %</u>

The mix of net patient revenues was as follows:

	<u>2010</u>	<u>2009</u>
Medicare	15 %	14 %
Medicaid	55	59
Other	30	27
	<u>100 %</u>	<u>100 %</u>

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.

Notes to Financial Statements (Continued)

May 31, 2010 and 2009

NOTE 8 – CHARITY CARE

The Organization provides care to patients who qualify under federal guidelines and other policies of the Organization at fees less than its established rates. The amount of charity care is reduced from the amount of fees for services presented in the statement of activities. The amount of charity care for the year ended May 31, 2010 and 2009 was \$2,269,574 and \$1,353,041, respectively.

NOTE 9 – 401(k) PLAN

The Organization sponsors a 401(k) Plan covering substantially all of its employees. The employees may elect to make contributions pursuant to a salary reduction agreement upon meeting eligibility requirements. The Organization made matching contributions of \$76,061 and \$77,531 for the years ended May 31, 2010 and 2009, respectively.

NOTE 10 – NOTES PAYABLE

Notes payable for the year ended May 31, 2010 consisted of the following:

Bank note payable, due in 59 equal monthly installments of \$6,564.92 and one final payment of \$10,048.68 to be paid March 1, 2013, including interest at 4.75%, collateralized by all present and future medical equipment.	<u>\$ 212,644</u>
Less current portion	<u>(70,249)</u>
Long-term debt	<u>\$ 142,395</u>

Maturities of debt are as follows:

<u>May 31,</u>	<u>Amount</u>
2011	\$ 70,249
2012	73,660
2013	<u>68,735</u>
Total	<u>\$ 212,644</u>

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.
Notes to Financial Statements (Continued)
May 31, 2010 and 2009

NOTE 11 – PRIOR YEAR BALANCES

Certain prior year amounts may have been reclassified to conform to current year presentation.

NOTE 12 – INVESTMENTS

The Organization applies GAAP for fair value measurements of financial assets that are recognized at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of fair market hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.

Level 2 inputs are inputs (other than quoted prices in Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available).

During year ended May 31, 2010, the Organization invested \$251,000 in the Louisiana Partnership for Choice and Access, LLC. The LLC investors are limited to Federally Qualified Health Centers (FQHC) or FQHC look-alike organizations. The LLC investors will own 49% (directly or indirectly) of Healthy Louisiana Choice, Inc. a Louisiana Corporation. They will function as a Medicaid managed organization servicing Louisiana Medicaid beneficiaries. Earnings or losses for the year ended May 31, 2010 are not material.

The amortized cost and fair values measured on a recurring basis of investment securities as of May 31, 2010 are as follows:

	Amortized Cost	Fair Value	Unrealized Gain (Loss)
Mortgage-Backed Securities (Level 1 In Active Markets)	\$ 993,851	\$ 988,179	\$ (5,672)
La. Partnership for Choice and Access, LLC (251 units) (Level 3 Cost Basis)	\$ 251,000	\$ 251,000	\$ -0-

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.
Notes to Financial Statements (Continued)
May 31, 2010 and 2009

NOTE 13 – FAIR VALUE OF INSTRUMENTS

The Organization has a number of financial instruments, none of which is held for trading purposes. The Organization estimates that the fair value of all financial instruments at May 31, 2010, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the agency could realize in a current market exchange. The recorded values of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values based on their short-term nature. The recorded values of notes payable approximate their fair value, as interest is insignificant.

NOTE 14 – SUBSEQUENT EVENTS

The Organization evaluated its May 31, 2010 financial statements for subsequent events through October 20, 2010, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events which require recognition or disclosure in the financial statements.

NOTE 15 – CONSTRUCTION IN PROGRESS

The Organization has various construction projects in progress at May 31, 2010. The following is a schedule of projects in which the Organization has future obligations:

	<u>Estimated Total Costs</u>	<u>Cost Incurred To Date</u>	<u>Estimated Completion Date</u>
New Iberia Site Renovations	\$ 1,301,000	\$ 257,847	December 2010

NOTE 16 – OPERATING LEASES

Effective February 2008, the Organization leased a modular building in St. Martinville, Louisiana. The lease term is month-to-month at \$2,045 per month.

Effective November 2009, the Organization leased a modular building in Merryville, Louisiana. The lease term is month-to-month at \$2,886 per month.

For the years ended May 31, 2010 and 2009, the Organization's lease expense totaled \$47,237 and \$24,061, respectively.

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER
Schedule of Expenditures of Federal Awards
Year Ended May 31, 2010

<u>Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Program Year</u>	<u>Program Receipts</u>	<u>Program Expenses</u>
U. S. Department of Health and Human Services					
Direct Programs:					
Community Health Center Section 330	93.224 *	H80CS00697	6/1/09 - 5/31/10	\$ 1,768,694	\$ 1,768,694
Recovery Act Health Ctr. IDS	93.703 *	H8BCS12579	3/27/09 - 3/26/10	189,504	189,504
Recovery Act. Capital Improvement Program	93.703 *	C81CS13980	6/29/09 - 6/29/10	218,219	218,219
				<hr/>	<hr/>
Total federal assistance				<u>\$ 2,176,417</u>	<u>\$ 2,176,417</u>

* Programs consider major.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Iberia Comprehensive Community Health Center, Inc., and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Certain costs have been allocated to the federal program in accordance with OMB Circular A-122, *Cost Principles for Non-Profit Organizations*. The amounts presented in this schedule do not differ from the amounts presented in, or used in the preparation of the financial statements.

STEVEN M. DEROUEN, CPA

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Iberia Comprehensive Community Health Center, Inc.
New Iberia, Louisiana

I have audited the financial statements of Iberia Comprehensive Community Health Center, Inc. (a nonprofit organization) as of and for the year ended May 31, 2010, and have issued our report thereon dated October 20, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, I considered Iberia Comprehensive Community Health Center, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Iberia Comprehensive Community Health Center, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Iberia Comprehensive Community Health Center, Inc.'s internal control over financial reporting.

A deficiency in internal control exists when a design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Directors
Iberia Comprehensive Community Health Center, Inc.
New Iberia, Louisiana
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Iberia Comprehensive Community Health Center, Inc.'s, financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my test disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the audit committee, management, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Steven M. DeFournier, CPA

Lake Charles, Louisiana
October 20, 2010

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Board of Directors
Iberia Comprehensive Community Health Center, Inc.
New Iberia, Louisiana

Compliance

I have audited the compliance of Iberia Comprehensive Community Health Center, Inc., with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*" that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2010. Iberia Comprehensive Community Health Center, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Iberia Comprehensive Community Health Center, Inc.'s management. My responsibility is to express an opinion on Iberia Comprehensive Community Health Center, Inc.'s compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Iberia Comprehensive Community Health Center, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that our audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of Iberia Comprehensive Community Health Center, Inc.'s compliance with those requirements.

In my opinion, Iberia Comprehensive Community Health Center, Inc. complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2010.

Board of Directors
Iberia Comprehensive Community Health Center, Inc.
New Iberia, Louisiana
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Internal Control Over Compliance

The management of Iberia Comprehensive Community Health Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Iberia Comprehensive Community Health Center, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Iberia Comprehensive Community Health Center, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information of the audit committee, management, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Steven M. DeLoach, CPA

Lake Charles, Louisiana
October 20, 2010

IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.
Schedule of Findings and Questioned Cost
Year Ended May 31, 2010

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	___ Yes <u>x</u> No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes <u>x</u> None reported
Noncompliance material to financial statements noted?	___ Yes <u>x</u> No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	___ Yes <u>x</u> No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes <u>x</u> None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	___ Yes <u>x</u> No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.224	US Department of Health and Human Services, Community Health Center Section 330

Dollar threshold used to distinguish between

Type A and Type B programs:	<u>\$500,000</u>
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Auditee qualified as low-risk auditee?	___ Yes <u>X</u> No
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IBERIA COMPREHENSIVE COMMUNITY HEALTH CENTER, INC.
Summary Schedule of Prior Year Findings and Questioned Costs
Year Ended May 31, 2010

NONE